

CENTRAL INTELLIGENCE AGENCY

REPORT

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Notes on East German Reparations to the USSR

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1. 1953 reparations accounts processed by the Office for Reparations amounted to 122.5 million dollars. Calculated on the basis of 1938 prices, this amount was equated at 1.3 billion DME. Not contained in this sum were the subsidies paid to plants manufacturing component equipment to cover the discrepancy between the actual cost of the equipment manufactured and the delivery price set for the equipment (Festpreis). In addition, the Ministry of Finance paid out 600 million DME to finance the Wismut complex. These sums, namely the 1.3 billion DME and the 600 million DME, were mentioned in a dispatch presented to Minister President Grotewohl by Chaiakov about two months before the close of the year. 1952 reparations were equally as large.
2. The 1952 reparations plan was only fulfilled. The 1952 unfulfilled reparations deliveries, amounting to approximately 2 million dollars, calculated on 1938 prices, were added to the 1953 reparations quota. The Office for Reparations assessed penalties for delayed deliveries amounting to 0.5% of the total order per day. All penalties had to be paid within five days or else the amount of the penalty was deducted from the payment made to the plant which had delivered the goods.
3. An arbitration commission, to mediate disputes arising between main plants and sub-contractors making reparations deliveries, operated within the framework of the Office for Reparations. This body was headed by Huelmann (fmu) who determined the penalties to be assessed and expedited court action to force payment. Penalties were determined by administrative procedures and no recourse to a court existed. Plants were forced to produce for reparations through the use of a standard contract (Typenvertrag). Objections to provisions of the contract could only be raised after the production contract had been signed. The production contract had to be signed within seven days after presentation. The standard 0.5% penalty was levied for each day beyond the stipulated seven.
4. The Office for Reparations paid production plants only after the following conditions had been met:
 - a. approval of the prices by Smirnov (fmu) of the Karlshorst finance department.
 - b. determination by the Office for Reparations of the equivalent dollar prices to be charged to the reparations account; this also required Karlshorst.

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approval.

- c. presentation of a shipping invoice by the Russian-controlled shipping agency DEUTRA.
- 5. Plants working on reparation orders which required more than six months to fill could present for payment invoices covering part of the order (Teilrechnungen). These partial invoices were checked very carefully by both the representative of the Office for Reparations at the plant and a representative of a Russian commission.
- 6. On 12 December 1953, the reparations plan had been fulfilled 93%. There was little probability that a 100% fulfillment could be achieved before the close of the year. Especially in arrears was the shipbuilding sector, with construction of river passenger boats and freighters lagging most. By the end of November 1953, the reparations plan quota for the shipbuilding sector had been only 55% fulfilled.
- 7. Ninety-five percent of the shipyard capacities was being used for reparations deliveries. The 1953 reparations plan for the shipbuilding sector called for the delivery of 40 luggers, 40 seiners, 2 passenger ships and 2 freighters of 3,000 tons each. In 1954, 6,000-ton freighters are to be built for Russia.

3. [redacted] in October 1953, 25X1
- it was planned to convert the Office for Reparations into a so-called Export Control Office. This office is to be directly subordinate to the Ministry for Foreign and International Trade and is to have the function of supervising and controlling all exports to the East. Plans outlining this function have been issued to DIA organizations. Payment for exports is to be made to the DIA. The personnel strength of the export office is to be higher than the original Office for Reparations.

9. [redacted] 25X1

11. The present head of the Classified Documents Section is Max Briemelmaister. Despite the fact that the Office for Reparations is to be dissolved, the personnel strength of the Classified Documents Section is to be increased.
- [redacted]

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